

Property Tax Deduction/Credit (Lines 36 and 44) - continued

Condominiums and Co-ops. A condominium unit or a unit in a cooperative housing complex or mutual housing corporation is considered a single-family dwelling for purposes of the property tax deduction or credit.

Continuing Care Communities. As a resident in a continuing care retirement community, you may qualify for a property tax deduction or credit as a homeowner if the continuing care contract requires you to bear the proportionate share of property taxes attributable to your unit.

Disabled Veterans. Totally and permanently disabled veterans who have a 100% exemption from local property taxes are **not** eligible for a property tax deduction or credit. If any portion of the dwelling is rented to a tenant and property taxes are paid by the disabled veteran owner on the rented portion, any tenant may be eligible for a property tax deduction or credit, but the property owner is not eligible.

Life Tenancy. You are also a homeowner if you have life tenancy rights or hold a lease for 99 years or more.

Tenants. You may claim a property tax deduction or credit for a home or apartment you rented in New Jersey and lived in as your principal residence, provided that the building is subject to local property taxes and your dwelling unit contains its own separate kitchen and bathroom. You do not qualify for a property tax deduction or credit if you share a kitchen or bathroom with others in the building.

Mobile Homes. If you own a mobile home which is located in a mobile home park, you qualify for a property tax deduction or credit as a tenant. For more information on mobile

Schedule 1 – Property Tax Deduction/Credit

Complete both columns of this schedule to find out whether the Property Tax Deduction or the Property Tax Credit is better for you. **Do not complete this schedule if you claim a credit for taxes paid to other jurisdictions.** Complete Schedule A and Worksheet F.

1. **Property Tax.** Enter the property taxes you paid in 2004. Renters enter 18% of rent paid in 2004. **See instructions page 38.** (Complete Schedule 1-A on page 40 before entering an amount here if you had more than one New Jersey residence during the year or if your principal residence(s) had multiple owners, multiple units, or multiple tenants.)

1. _____

2. **Property Tax Deduction.** Enter the amount from Line 1 or \$10,000, whichever is less. Also enter this amount on Line 4, Column A below. **See instructions page 39.**

2. _____

3. Taxable Income (Copy from Line 35 of your NJ-1040)

4. Property Tax Deduction (Copy from Line 2 of this schedule)

5. Taxable Income After Property Tax Deduction (Subtract Line 4 from Line 3)

6. Tax you would pay on Line 5 amount (Go to Tax Table or Tax Rate Schedules and enter amount)

7. Subtract Line 6, Column A from Line 6, Column B and enter the result here

Column A		Column B	
3.		3.	
4.		4.	- 0 -
5.		5.	
6.		6.	
7.		7.	

8. **Is the Line 7 amount \$50 or more (\$25 if filing status is married, filing separate return and you maintain the same residence as your spouse)?**

☐ Yes. You receive a greater tax benefit by taking the Property Tax Deduction. Make the following entries on Form NJ-1040.

Form NJ-1040	Enter amount from:
Line 36	Line 4, Column A
Line 37	Line 5, Column A
Line 38	Line 6, Column A
Line 44	Make no entry

☐ No. You receive a greater tax benefit from the Property Tax Credit. (**Part-year residents**, see instructions on page 16 before answering "No.") Make the following entries on Form NJ-1040.

Form NJ-1040	Enter amount from:
Line 36	Make no entry
Line 37	Line 5, Column B
Line 38	Line 6, Column B
Line 44	\$50 (\$25 if filing status is married, filing separate return and you maintain the same residence as your spouse). Part-year residents , see instructions on page 16.

continued

homes, contact the New Jersey Division of Taxation Customer Service Center.

Tax-Exempt, Subsidized, and Campus Housing. Tenants living in dwellings which are not subject to local property taxes are not eligible for a property tax deduction or credit. This includes tenants living in tax-exempt housing or other dwellings owned by the State, County, Municipal, or Federal government; students living in on-campus apartments at State colleges and universities; and tenants living in dwellings owned by religious, charitable, or other nonprofit organizations (including on-campus apartments at private nonprofit colleges and universities), if the property is exempt from local property taxes. **Do not enter a figure on Line 36 or Line 44 of the tax return. If you are not sure whether the dwelling you rent is subject to local property taxes, contact your municipal tax assessor for information. The Division of Taxation audits returns to ensure that only qualified applicants claim the property tax deduction or the property tax credit.**

Seniors or Blind/Disabled Persons. If either you or your spouse were 65 years of age or older or blind or disabled on the last day of the tax year, and your gross income on Line 29 is \$20,000 or less (\$10,000 if filing status is single or married, filing separate return), and you satisfy the eligibility requirements, you qualify for a property tax credit in the amount of \$50 (\$25 if filing status is married, filing separate return and you maintain the same residence as your spouse).

If you are eligible for a property tax credit, and you:

- ♦ **Are eligible for a FAIR rebate,** file your completed FAIR rebate application and your credit will automatically be sent to you with your rebate. **Do not** complete Line 36 to claim a property tax deduction or Line 44 to claim a property tax credit.
- ♦ **Are not eligible for a FAIR rebate** because on October 1, 2004, you were neither a homeowner nor a tenant, you may complete Form NJ-1040 and claim the property tax credit on Line 44.

Line 36 - Property Tax Deduction

If you satisfied the eligibility requirements on page 36, you may deduct 100% of property taxes due and paid **or** \$10,000, whichever is less. For tenants, 18% of the rent paid during the year is considered property taxes paid.

If you are eligible for a property tax benefit, and you:


- ♦ **Are not** claiming credit for taxes paid to other jurisdictions, complete Schedule 1 on page 37 to determine the amount of your property tax deduction and whether you should elect to take the property tax credit on Line 44 instead of the deduction on Line 36.
- ♦ **Are** claiming credit for taxes paid to other jurisdictions, do not complete Schedule 1. Complete Schedule A and Worksheet F to determine whether you will receive a greater tax benefit by taking the property tax deduction or the property tax credit. See the instructions for Schedule A on page 44.

If you are not eligible for a property tax benefit, make no entry on Lines 36 or 44 and continue completing the return with Line 37.

Completing Schedule 1

Line 1 - Property Tax/Rent

Enter on Line 1 your property taxes (or 18% of rent) due and paid during 2004 on your qualified residence.

TAX TIP  **Property Tax Reimbursement (Senior Freeze) Applicants.** If you are eligible for a property tax reimbursement for 2004 and file your application on Form PTR-1, enter on Line 1 the amount of your **2003 property taxes** as reported on Line 14 of your 2004 Property Tax Reimbursement Application, Form PTR-1. (For mobile home owners this is 18% of 2003 site fees.)

If you are eligible for a property tax reimbursement for 2004 and file your application on Form PTR-2, enter on Line 1

the amount of your base year property taxes as reported on Line 11 of your 2004 Property Tax Reimbursement Application, Form PTR-2. (For mobile home owners this is 18% of base year site fees.)

NOTE: If you owned your home with someone other than your spouse or if your home consists of more than one unit, the amount of property taxes you report must reflect your percentage of ownership or the proportionate share of property taxes for the unit you occupy as your principal residence.

Married, Filing Separate Return. If your filing status is married, filing separate return and you and your spouse maintain the same principal residence, enter on Line 1 one-half of the property taxes (or 18% of rent) due and paid. Also see Note under Line 2.

Multiple Residences, Owners, Units, or Tenants. Complete Schedule 1-A before completing Line 1, Schedule 1 if:

- ♦ You lived in more than one qualifying New Jersey residence during 2004; or
- ♦ You shared ownership of a principal residence during the year with anyone other than your spouse; or
- ♦ A principal residence you owned during the year consisted of multiple units; or
- ♦ Anyone other than your spouse occupied and shared rent with you for an apartment or other rental dwelling unit; or
- ♦ You were both a homeowner and a tenant during the year.

If you were a homeowner, enter the amount from Line 4, Schedule 1-A on

continued

Schedule 1 - continued

Line 1, Schedule 1. If you were a tenant, enter 18% of the amount from Line 8, Schedule 1-A on Line 1, Schedule 1. If you were both a homeowner and a tenant during the year, add the amount from Line 4, Schedule 1-A and 18% of the amount from Line 8, Schedule 1-A and enter the total on Line 1, Schedule 1.

If you lived for part of the year in a residence that did not meet the eligibility qualifications on page 36, you are not eligible to receive a property tax deduction or a property tax credit for the period of time you lived in that residence. However, if you moved during the year and lived for part of the year in a residence that qualifies, complete Schedule 1-A for the qualified residence only. Do not list any information pertaining to the nonqualified residence.

Part-Year Residents. A part-year resident who meets the qualifications is eligible for a property tax deduction or credit. Complete Schedule 1 and enter on Line 1 the total amount of property taxes (or 18% of rent) due and paid during your period of residence (see page 16).

NOTE: Part-year residents must complete Schedule 1-A **only** if one or more of the conditions on page 38 apply.

Line 2 - Property Tax Deduction

Enter the amount from Line 1 or \$10,000, whichever is less. Also enter this amount on Line 4, Column A.

NOTE: If your filing status is married, filing separate return and you and your spouse maintain the same principal residence, and Line 1 is \$5,000 or more, enter \$5,000 on Line 2. If Line 1 is less than \$5,000 enter the amount from Line 1.

Line 3 - Taxable Income

For each column, enter on Line 3, Schedule 1 the amount from Line 35, Form NJ-1040.

Line 4 - Property Tax Deduction

Enter on Line 4, Column A the amount from Line 2, Schedule 1.

Line 5 - Taxable Income After Property Tax Deduction

For each column, subtract Line 4 from Line 3 and enter the result on Line 5.

Line 6 - Tax on Line 5

For each column, enter on Line 6 the amount of tax on the income shown on Line 5. Use the Tax Table on page 57 or the Tax Rate Schedules on page 66 to calculate the amount of tax.

Lines 7 and 8 - Deduction/Credit Determination

To determine whether a property tax deduction or a property tax credit is more beneficial to you, subtract Line 6, Column A from Line 6, Column B and enter the result on Line 7. **Part-year residents see instructions on page 16 before continuing.** If Line 7 is \$50 or more (\$25 if filing status is married, filing separate return and you maintain the same residence as your spouse), you will receive a greater benefit by taking the property tax deduction. If Line 7 is less than \$50 (\$25 if filing status is married, filing separate return and you maintain the same residence as your spouse), you will receive a greater benefit by taking the property tax credit. Follow the instructions on Schedule 1 for completing Lines 36, 37, 38, and 44, Form NJ-1040.

Completing Schedule 1-A

Part I - Homeowners

Principal Residences Owned in New Jersey (Lines 1-3)

List the address of each New Jersey residence you owned and occupied as your principal residence during 2004. Complete Column 1 through Column 5 for each address.

If you were **both** an owner and a tenant at the same address, enter the required information in **both** Part I and Part II.

Column 1

Enter the number of days you owned and occupied this home as your principal residence in 2004. If this was your residence for all of 2004, enter 366. The total

number of days in Part I and Part II may not exceed 366.

Column 2

Enter the share (percentage) of this residence you (and your spouse) own(ed). Enter this figure as a decimal (e.g., if the share is 50%, enter 0.50). If you (and your spouse) were the sole owner(s), enter 1.00.

Column 3

If this property consists of more than one unit, indicate the share (percentage) of the property used as your principal residence. Enter this figure as a decimal (e.g., enter 25% as 0.25).

Column 4

Enter the total property taxes paid on this property during 2004 for the period indicated in Column 1.

Column 5

Multiply the decimal in Column 3 by the property tax amount in Column 4. If there is no figure in Column 3, use the decimal in Column 2. Enter the result in Column 5.

For example, total property taxes paid were \$2,000, Column 2 is 1.00, and Column 3 is 0.50. The calculation for Column 5 is $0.50 \times \$2,000 = \$1,000$.

Line 4 - Property Taxes

Add your share of property taxes paid in Column 5, Lines 1 through 3, and enter the total on Line 4.

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Schedule 1-A					
PART I: HOMEOWNERS					
Principal residences you owned in New Jersey during 2004					
Address	(1) Number of days in 2004 in this residence as an owner	(2) Share of property owned by you (and your spouse)	(3) Share of property used as your principal residence	(4) Total property taxes paid on this property for this period	(5) Your share of property taxes paid on this property for this period
1.					
2.					
3.					
4. Your share of total property taxes paid in 2004 for your principal residences (total of Column 5) Use this amount to complete either Line 1, Schedule 1 or Box 5a, Line 5, Schedule A.					
PART II: TENANTS					
Principal residences you rented in New Jersey during 2004					
Address	(1) Number of days in 2004 in this residence as a tenant	(2) Total number of tenants who shared the rent	(3) Total rent paid by all people living in this residence during this period	(4) Total rent paid by you (and your spouse) for this residence during this period	
5.					
6.					
7.					
8. Your share of total rent paid in 2004 for your principal residences (total of Column 4) Use 18% of this amount to complete either Line 1, Schedule 1 or Box 5a, Line 5, Schedule A.					

Part II - Tenants

Principal Residences Rented in New Jersey (Lines 5-7)

List the address of each New Jersey residence you rented and occupied as your principal residence during 2004. Complete Column 1 through Column 4 for each address.

If you were **both** an owner and a tenant at the same address, enter the required information in **both** Part I and Part II.

Column 1

Enter the number of days you rented and occupied this home as your principal residence in 2004. If this was your residence for all of 2004, enter 366. The total number of days in Part I and Part II may not exceed 366.

Column 2

If you lived with someone (other than your spouse) and shared the rent with them, enter the total number of tenants who shared the rent (including yourself). For this purpose you and your spouse are considered one tenant.

Column 3

Enter the total amount of rent paid by all tenants (including yourself) during 2004 for the period indicated in Column 1.

Column 4

Divide the amount in Column 3 by the number in Column 2, and enter the result in Column 4.

Line 8 - Rent

Add your share of rent paid in Column 4, Lines 5 through 7, and enter the total on Line 8.